sibly a happy balance can be struck which will preserve part of the American market for Philippine exports and which to the same extent will protect American products in the Philippines. Those of us who have the best interests of the two countries at heart will devoutly hope that such an agreement can be reached.

PHILIPPINE-AMERICAN TRADE RELATIONS[2]

The present trade relation of the Philippines with the United States has behind it a background of a century and a half of commercial intercourse. American merchants were among the first to enter the Islands when the Port of Manila was opened to commerce by the Spanish Government. In 1859 it was reported that "of the foreign merchants in Manila, the United States occupies the first place with more than a third of the total value of exports." However, during the last decades of Spanish rule, American commercial supremacy in the Philippines was eclipsed by the aggressiveness of British competitors.

The initial phase of United States-Philippine trade after the capture of Manila by the American forces was characterized by the imposition of duties on American products entering the Islands and on Philippine products shipped to the United States. By the Act of Congress of March 8, 1902, Philippine exports to the United States were permitted to enter the United States at a twenty-five per cent deduction from the regular rates. Thereafter it was not until 1909 that the United States was in a position to approve a more satisfactory arrangement. By that time the provisions in the Treaty of Paris which confirmed equality of treatment in the admis-

sion of Spanish and American merchandise to the Islands could be lifted. By the Paine Tariff Act of 1909 all Philippine

[2] **See Cornelio Balmaceda, Director of Commerce, *background of PAilfyfine-American Trade* (1934).**